



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**22 VAC 40-35 – Virginia Independence Program**  
**Department of Social Services**  
June 29, 2000

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

Under the current regulations, once an individual stops receiving TANF benefits, he or she is no longer eligible to receive employment and training services. The Department of Social Services (DSS) proposes to extend eligibility for those services to certain qualified individuals for 12 months beyond the closure of their TANF case.

### **Estimated Economic Impact**

The proposed transitional employment and training services would include, for example, the following: advice on proper conduct to keep a job and potentially to gain a better job, subsidies for work clothes, and help in applying for federally funded job-training programs (Workforce Investment Act, etc.). All of these services would likely provide some positive value. DSS estimates that the proposed extension of the program would cost \$1,135,083 per year, all of which would be paid for with federal funds (TANF Block Grant). There would be no additional cost to the Commonwealth or localities. No other program would have to be cut in

order to implement this proposal. Since the proposal would likely produce some benefit for Virginians and would not create an additional cost, it would most likely produce a net benefit for the Commonwealth.

### **Businesses and Entities Affected**

According to DSS, in 1999 there were 11,569 people who were both participating in the VIEW program and had their TANF case closed. Of those individuals, 345 possessed either an associate degree or a four-year college degree, which would make them ineligible for the proposed 12-month extension of employment and training services. Thus, if the proposed extension were in effect last year, 11,224 individuals would have been eligible to use the proposed services. Firms that hire recent TANF recipients or provide job training may also be affected by the proposed amendment.

### **Localities Particularly Affected**

All localities in Virginia are potentially affected by the proposed amendment.

### **Projected Impact on Employment**

The proposal to extend employment and training services for qualified individuals may help recent TANF recipients avoid losing their jobs and possibly help them obtain better jobs. The extended employment and training services may also make it more likely that service recipients apply for federally funded job-training programs. This may increase employment for providers of job training.

### **Effects on the Use and Value of Private Property**

The proposal to extend employment and training services may make it somewhat more likely that recent TANF recipients will work as responsible, productive employees. To the extent that this actually occurs, the value of firms that hire these individuals may become slightly higher. If the proposed extension of employment and training services make it more likely that service recipients apply for federally funded job-training programs, then the value of some private providers of job training may increase due to increased demand for their services.